

2003 DRAFTING REQUEST

Bill

Received: **12/17/2002**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Dan Schooff (608) 266-9967**

By/Representing: **katie**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax Credits - miscellaneous
Tax - corp. inc. and fran.
Tax (indiv) - misc.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Schooff@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Historic rehabilitation tax credit

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/17/2002	kgilfoy 01/06/2003		_____			State
/1	jkreye 01/24/2003	kgilfoy 01/30/2003	pgreensl 01/06/2003	_____	sbasford 01/06/2003		State

04/25/2003 10:45:45 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2			chaskett 01/31/2003	_____	sbasford 01/31/2003		State
/3	jkreye 02/25/2003	kgilfoy 02/25/2003	pgreensl 02/26/2003	_____	lemery 02/26/2003	mbarman 04/25/2003	

FE Sent For: 04/09/2003, ~~04/09/2003~~.

→ ("13")

<END>

2003 DRAFTING REQUEST**Bill**Received: **12/17/2002**Received By: **jkreye**Wanted: **As time permits**

Identical to LRB:

For: **Dan Schooff (608) 266-9967**By/Representing: **katie**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax Credits - miscellaneous
Tax - corp. inc. and fran.
Tax (indiv) - misc.**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Schooff@legis.state.wi.us**Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us****Pre Topic:**

No specific pre topic given

Topic:

Historic rehabilitation tax credit

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/17/2002	kgilfoy 01/06/2003					State
/1	jkreye 01/24/2003	kgilfoy 01/30/2003	pgreensl 01/06/2003		sbasford 01/06/2003		State

for Assembly
Per JK

02/26/2003 09:24:10 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2			chaskett 01/31/2003	_____	sbasford 01/31/2003		State
/3	jkreye 02/25/2003	kgilfoy 02/25/2003	pgreensl 02/26/2003	_____	lemery 02/26/2003		

FE Sent For:

<END>

04-09-2003
("/3")

see
attached

2003 DRAFTING REQUEST**Bill**Received: **12/17/2002**Received By: **jkreye**Wanted: **As time permits**

Identical to LRB:

For: **Dan Schooff (608) 266-9967**By/Representing: **katie**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax Credits - miscellaneous
Tax - corp. inc. and fran.
Tax (indiv) - misc.**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Schooff@legis.state.wi.us**Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Historic rehabilitation tax credit

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/17/2002	kgilfoy 01/06/2003					State
/1	jkreye 01/24/2003	kgilfoy 01/30/2003	pgreensl 01/06/2003		sbasford 01/06/2003		State

13-2/25
Kmg

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/2			chaskett	_____	sbasford		
			01/31/2003	_____	01/31/2003		

FE Sent For:

<END>

2003 DRAFTING REQUEST**Bill**Received: **12/17/2002**Received By: **jkreye**Wanted: **As time permits**

Identical to LRB:

For: **Dan Schooff (608) 266-9967**By/Representing: **katie**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax Credits - miscellaneous
Tax - corp. inc. and fran.
Tax (indiv) - misc.**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Schooff@legis.state.wi.us**Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us****Pre Topic:**

No specific pre topic given

Topic:

Historic rehabilitation tax credit

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/17/2002	kgilfoy 01/06/2003	2 1/30 Cm	rs/CP 1/31			State
/1		12-1/30 Kmg	pgreensl 01/06/2003		sbasford 01/06/2003		

01/06/2003 01:29:57 PM

Page 2

FE Sent For:

<END>

2003 DRAFTING REQUEST**Bill**Received: **12/17/2002**Received By: **jkreye**Wanted: **As time permits**

Identical to LRB: .

For: **Dan Schooff (608) 266-9967**By/Representing: **katie**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax Credits - miscellaneous
Tax - corp. inc. and fran.
Tax (indiv) - misc.**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Schooff@legis.state.wi.us**Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us****Pre Topic:**

No specific pre topic given

Topic:

Historic rehabilitation tax credit

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye	1-1/3/03 King	1/6/03 PS	1/6/03 PS/R			

FE Sent For:

<END>

12-17-02

Katie

Rep. Schopf

AB 840 (3963/3) + AAI to AB 840

(a1540/1)

2001 ASSEMBLY BILL 840

PWF: all amended stats.

RM: not run
in 12-17-02
SDON

February 20, 2002 – Introduced by Representatives SCHOOFF, BERCEAU, POCAN and SHILLING, cosponsored by Senators BURKE and SCHULTZ. Referred to Committee on Housing.

Gen. Cat.

D-N

1 AN ACT *to renumber* 44.02 (24); *to renumber and amend* 71.07 (9m) (a), 71.07
2 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); *to amend* 71.07 (9m) (c), 71.08 (1) (intro.),
3 71.28 (6) (c) and 71.47 (6) (c); and *to create* 44.02 (24) (b), 44.02 (24d), 71.07
4 (9m) (a) 2., 71.07 (9m) (cm), 71.07 (9m) (g), 71.07 (9r) (a) 2., 71.28 (6) (a) 2., 71.28
5 (6) (cm), 71.28 (6) (g), 71.47 (6) (a) 2., 71.47 (6) (cm) and 71.47 (6) (g) of the
6 statutes; **relating to:** the supplement to the federal historic rehabilitation tax
7 credit and the state historic rehabilitation tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

Under the bill, for taxable years beginning in 2003, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a qualified building or historic property. In addition, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do

ASSEMBLY BILL 840

not satisfy the adjusted-basis requirement under federal law may claim the state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state historical society. The state historical society may charge and collect a fee for such certification in an amount equal to 1% of the qualified expenses, but not less than \$150 nor more than \$10,000. ✓

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state historical society certifies such expenses. ✓

Under this bill, for taxable years beginning in 2003, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state historical society may charge and collect a fee for certifying such expenses. The amount of the fee is to be determined by rule by the state historical society. ✓

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2 **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

3 44.02 (24) (b) Charge a fee for a certification under par. (a) in an amount to be
4 determined by rule by the historical society. The historical society shall collect the
5 fee under this paragraph when an applicant applies for certification under par. (a).

6 **SECTION 3.** 44.02 (24d) of the statutes is created to read:

7 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary
8 to certify, and shall certify, expenditures for preservation or rehabilitation of historic
9 property for the purposes of ss. 71.07 (9m) (a) and (cm), 71.28 (6) (a) and (cm), and
10 71.47 (6) (a) and (cm). Such standards shall be substantially similar to the standards
11 used by the secretary of the interior to certify rehabilitations under 26 USC 47 (c) (2).

12 (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified
13 rehabilitation expenditures for the historic property that is the subject of the

ASSEMBLY BILL 840

1 certification, except that no fee under this paragraph may be less than \$150 nor more
2 than \$10,000. The historical society shall collect the fee under this paragraph when
3 an applicant applies for certification under par. (a). ✓

4 SECTION 4. 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and
5 amended to read:

6 71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this
7 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
8 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal
9 revenue code Internal Revenue Code, for certified historic structures on property
10 located in this state, if the physical work of construction or destruction in preparation
11 for construction begins after December 31, 1988, and before January 1, 2003, and the
12 rehabilitated property is placed in service after June 30, 1989, ~~and before July 1,~~

13 ~~2002.~~

14 SECTION 5. 71.07 (9m) (a) 2. of the statutes is created to read:

15 71.07 (9m) (a) 2. Any person may credit against taxes otherwise due under this
16 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
17 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
18 Revenue Code, for certified historic structures on property located in this state, if the
19 physical work of construction or destruction in preparation for construction begins
20 after December 31, 2002, ~~and the rehabilitated property is placed in service after~~

21 ~~June 30, 2003.~~

22 SECTION 6. 71.07 (9m) (c) of the statutes is amended to read:

23 71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the
24 credit under this subsection unless the claimant includes with the claimant's return
25 evidence that the rehabilitation was approved recommended by the state historic

ASSEMBLY BILL 840

1 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
2 before the physical work of construction, or destruction in preparation for
3 construction, began. INSERT 4-3

4 **SECTION 7.** 71.07 (9m) (cm) of the statutes is created to read:

5 71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not
6 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
7 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
8 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
9 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
10 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
11 by the state historical society before the physical work of construction, or destruction
12 in preparation for construction, begins; and if the person includes evidence of such
13 approval with the person's return. INSERT 4-13

14 **SECTION 8.** 71.07 (9m) (g) of the statutes is created to read:

15 71.07 (9m) (g) A person who has incurred qualified rehabilitation
16 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for
17 certified historic structures located in this state, as described in par. (a), but who is
18 not a resident of this state and who is not required to file a return under this chapter,
19 may enter into an agreement with another person, with the department of revenue's
20 approval and in the manner prescribed by the department, so that the other person
21 may claim the credit under this subsection, if the other person is subject to the taxes
22 imposed under s. 71.02.

23 **SECTION 9.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and
24 amended to read:

ASSEMBLY BILL 840

1 71.07 (9r) (a) 1. For taxable years beginning on or after August 1, 1988, ~~and~~
2 ~~before January 1, 2003~~, any natural person may credit against taxes otherwise due
3 under s. 71.02 an amount equal to 25% of the costs of preservation or rehabilitation
4 of historic property located in this state, including architectural fees and costs
5 incurred in preparing nomination forms for listing in the national register of historic
6 places in Wisconsin or the state register of historic places, if the nomination is made
7 within 5 years prior to submission of a preservation or rehabilitation plan under par.
8 (b) 3. b., and if the physical work of construction or destruction in preparation for
9 construction begins after December 31, 1988, and before January 1, 2003, except that
10 the credit may not exceed \$10,000, or \$5,000 for married persons filing separately,
11 for any preservation or rehabilitation project.

12 **SECTION 10.** 71.07 (9r) (a) 2. of the statutes is created to read:

13 71.07 (9r) (a) 2. For taxable years beginning after December 31, 2002, any
14 natural person may credit against taxes otherwise due under s. 71.02 an amount
15 equal to 30% of the costs of preservation or rehabilitation of historic property located
16 in this state, including architectural fees and costs incurred in preparing nomination
17 forms for listing in the national register of historic places in Wisconsin or the state
18 register of historic places, if the nomination is made within 5 years prior to
19 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
20 physical work of construction or destruction in preparation for construction begins
21 after December 31, 2002, except that the credit may not exceed \$10,000, or \$5,000
22 for married persons filing separately, for any preservation or rehabilitation project.

23 **SECTION 11.** 71.08 (1) (intro.) of the statutes is amended to read:

24 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
25 couple filing jointly, trust or estate under s. 71.02, not considering the credits under

st
Act
109

ASSEMBLY BILL 840

SECTION 11

(6s),

1 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) and
2 (9e) ^{score} and (9r) 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
3 71.47 ^{plain} (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII
4 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
5 section, there is imposed on that natural person, married couple filing jointly, trust
6 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
7 as follows:

8 **SECTION 12.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
9 amended to read:

10 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this
11 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
12 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
13 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property
14 located in this state, if the physical work of construction or destruction in preparation
15 for construction begins after December 31, 1988, and before January 1, 2003, and the
16 rehabilitated property is placed in service after June 30, 1989 ~~and before July 1,~~
17 ~~2003.~~

18 **SECTION 13.** 71.28 (6) (a) 2. of the statutes is created to read:

19 71.28 (6) (a) 2. Any person may credit against taxes otherwise due under this
20 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
21 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
22 Revenue Code, for certified historic structures on property located in this state, if the
23 physical work of construction or destruction in preparation for construction begins
24 after December 31, 2002, ~~and the rehabilitated property is placed in service after~~
25 ~~June 30, 2003.~~

ASSEMBLY BILL 840

1 **SECTION 14.** 71.28 (6) (c) of the statutes is amended to read:

2 71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
3 under this subsection unless the claimant includes with the claimant's return
4 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
5 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
6 before the physical work of construction, or destruction in preparation for
7 construction, began. INSERT 7-7 ✓

8 **SECTION 15.** 71.28 (6) (cm) of the statutes is created to read:

9 71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not
10 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
11 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
12 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
13 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
14 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
15 by the state historical society before the physical work of construction, or destruction
16 in preparation for construction, begins; ~~and~~ if the person includes evidence of such
17 approval with the person's return. INSERT 7-17 ✓

18 **SECTION 16.** 71.28 (6) (g) of the statutes is created to read:

19 71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,
20 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
21 structures located in this state, as described in par. (a), but who is not a resident of
22 this state and who is not required to file a return under this chapter, may enter into
23 an agreement with another person, with the department of revenue's approval and
24 in the manner prescribed by the department, so that the other person may claim the

ASSEMBLY BILL 840

SECTION 16

1 credit under this subsection, if the other person is subject to the taxes imposed under
2 s. 71.23.

3 **SECTION 17.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
4 amended to read:

5 71.47 (6) (a) 1. Any person may credit against taxes otherwise due under this
6 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
7 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal
8 revenue code Internal Revenue Code, for certified historic structures on property
9 located in this state, if the physical work of construction or destruction in preparation
10 for construction begins after December 31, 1988, and before January 1, 2003, and the
11 rehabilitated property is placed in service after June 30, 1989, and before July 1,

12 2003.

13 **SECTION 18.** 71.47 (6) (a) 2. of the statutes is created to read:

14 71.47 (6) (a) 2. Any person may credit against taxes otherwise due under this
15 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
16 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
17 Revenue Code, for certified historic structures on property located in this state, if the
18 physical work of construction or destruction in preparation for construction begins
19 after December 31, 2002, and the rehabilitated property is placed in service after

20 June 30, 2003.

21 **SECTION 19.** 71.47 (6) (c) of the statutes is amended to read:

22 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
23 under this subsection unless the claimant includes with the claimant's return
24 evidence that the rehabilitation was approved recommended by the state historic
25 preservation officer for approval by the secretary of the interior under 36 CFR 67.6

ASSEMBLY BILL 840

1 before the physical work of construction, or destruction in preparation for
2 construction, began. **INSERT 9-2** ✓

3 **SECTION 20.** 71.47 (6) (cm) of the statutes is created to read:

4 71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not
5 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
6 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
7 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
8 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
9 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
10 by the state historical society before the physical work of construction, or destruction
11 in preparation for construction, begins; and if the person includes evidence of such
12 approval with the person's return. **INSERT 9-12** ✓

13 **SECTION 21.** 71.47 (6) (g) of the statutes is created to read:

14 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,
15 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
16 structures located in this state, as described in par. (a), but who is not a resident of
17 this state and who is not required to file a return under this chapter, may enter into
18 an agreement with another person, with the department of ~~revenue's~~ ^{revenue's} approval and
19 in the manner prescribed by the department, so that the other person may claim the
20 credit under this subsection, if the other person is subject to the taxes imposed under
21 s. 71.43. ✓

22 **SECTION 22. Initial applicability.**

23 (1) This act first applies to taxable years beginning on January 1, 2003.

24 (END)

**ASSEMBLY AMENDMENT 1,
TO 2001 ASSEMBLY BILL 840**

March 12, 2002 – Offered by Representative SCHOOFF.

At the locations indicated, amend the bill as follows:

1. Page 3, line 3: after that line insert:

SECTION 3m. 71.07 (5m) (a) 4. of the statutes is amended to read:

71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after he or she completes the computations listed in s. 71.10 (4) (a) to (dr) (dm).

2. Page 3, line 12: delete the material beginning with "1989" and ending with "2003" on line 13 and substitute "1989".

3. Page 3, line 20: delete the material beginning with "2002" and ending with "2003" on line 21 and substitute "2002".

4. Page 4, line 3: after "began" insert "; and the claimant claims the credit for the same taxable year in which the claimant would have claimed the credit for federal purposes".

5. Page 4, line 12: delete "and".

INSERT 4-3

INSERT 4-13 ✓

1 ~~6.~~ Page 4, line 13: after "return" insert "; and if the person claims the credit
2 for the same taxable year in which the person would have claimed the credit for
3 federal purposes";

4 ~~7.~~ Page 5, line 1: delete the material beginning with "and" and ending with
5 "2003," on line 2.

6 ~~8.~~ Page 6, line 7: after that line insert:

7 ~~*SECTION 11m.~~ 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fm).
8

9 ~~9.~~ Page 6, line 16: delete the material beginning with "1989" and ending with
"2003" on line 17 and substitute "1989".

10 ~~10.~~ Page 6, line 24: delete the material beginning with "2002" and ending with
11 "2003" on line 25 and substitute "2002".

12 ~~11.~~ Page 7, line 7: after "began" insert "; and the claimant claims the credit
13 for the same taxable year in which the claimant would have claimed the credit for
14 federal purposes".

15 ~~12.~~ Page 7, line 16: delete "and".

16 ~~13.~~ Page 7, line 17: after "return" insert "; and if the person claims the credit
17 for the same taxable year in which the person would have claimed the credit for
18 federal purposes";

19 ~~14.~~ Page 8, line 11: delete the material beginning with "1989" and ending with
20 "2003" on line 12 and substitute "1989".

21 ~~15.~~ Page 8, line 19: delete the material beginning with "2002" and ending with
22 "2003" on line 20 and substitute "2002".

INSERT 6-7 ✓

INSERT 7-7 ✓

INSERT
7-17 ✓

INSERT
9-2

1 ~~16.~~ Page 9, line 2: after "began" insert "; and the claimant claims the credit
2 for the same taxable year in which the claimant would have claimed the credit for
3 federal purposes";

4 ~~17.~~ Page 9, line 11: delete "and".

5 ~~18.~~ Page 9, line 12: after "return" insert "; and if the person claims the credit
6 for the same taxable year in which the person would have claimed the credit for
7 federal purposes".

8 (END)

INSERT
9-12 ✓

1157/1

h D-N

:King:

Representative Schooff:

Please review this draft carefully to ensure that it is consistent with your intent. If the bill is not likely to be enacted before July 1, 2003, you may want to delay the bill's initial ~~effective~~ applicability to January 1, 2004, or later.

If the bill, as drafted, is enacted after July 1, 2003, ^{of revenue} the department may have already prepared the 2003 tax forms and it may be costly to modify and reprint them. Also, if the bill, as drafted, is enacted after July 1, 2003, it may have a retroactive effect, depending on how late the bill ^{passes} ~~passes~~ in this biennial session. Please contact me if you have any questions.

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1157/1dn
JK:kmg:pg

January 6, 2003

Representative Schooff:

Please review this draft carefully to ensure that it is consistent with your intent. If the bill is not likely to be enacted before July 1, 2003, you may want to delay the bill's initial applicability to January 1, 2004, or later.

If the bill, as drafted, is enacted after July 1, 2003, the department of revenue may have already prepared the 2003 tax forms and it may be costly to modify and reprint them. Also, if the bill, as drafted, is enacted after July 1, 2003, it may have a retroactive effect, depending on how late the bill passes in this biennial session. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

1157/1

①

Income generating tax credit

↳ to recapture provisions

11.07(9k)(h)

↳ may want to do put this into

the federal supplemental under
(9m)

② change 1A to 1-1-2004

* Admin will call to confirm changes

Kreye, Joseph

From: Plona, Katie
Sent: Friday, January 17, 2003 3:28 PM
To: Kreye, Joseph
Subject: Rep. Schooff historic rehabilitation tax credit bill

Joe,

Can you please make these changes to the draft for LRB . I know you spoke with one of Alicia Goehring's staff members yesterday about the second point, which they have decided is a good idea. Therefore, we are asking for a these changes in the draft at their request.

Thanks again,

Katie

Rep. Dan Schooff's Office
6-9967

-----Original Message-----

From: Alicia Goehring [mailto:algoehring@whs.wisc.edu]
Sent: Friday, January 17, 2003 3:26 PM
To: Katie.Plona@legis.state.wi.us
Cc: joseph.kreye@legis.state.wi.us
Subject: tax credit bill

Katie:

As I mentioned on the phone a few minutes ago, we have two suggested changes for the bill.

1. Change the effective date to January 1, 2004 instead of 2003.
2. Add a "recapture" element. Here's an explanation I received from Brian McCormick, one of our architects.

"A twist in the tax bill just occurred to me when we got a tax credit write-up from the National Trust. They were asking us to review it for accuracy. In describing our tax credits, they note that our statutes for the 5% supplement do not include a provision for recapture. Recapture meaning that if a property is sold or harmed within a five year period of receiving the credits, the owner must repay a prorated portion of the credit. This is part of the federal tax law for the 20% credit, and also for the states 25% homeowners credit. For the 5% supplement, the statutes do not require this recapture. Probably not a big deal for just the 5% state credit - although I don't want to advertise it. But if the credit goes up to a 20% add on, it could be a big deal and perhaps should be corrected to allow for recapture as part of the new bill. What do you think? It would just mean adding the current wording that is part of the homeowner credit to the 5% supplement."

That's it! Have a good weekend!

Alicia

cc: Joseph Kreye, LRB

Alicia L. Goehring
State Historic Preservation Officer
Administrator, Division of Historic Preservation
Wisconsin Historical Society
algoehring@whs.wisc.edu
608/264-6515
www.wisconsinhistory.org

Kreye, Joseph

From: Alicia Goehring [algoehring@whs.wisc.edu]
Sent: Friday, January 17, 2003 3:26 PM
To: Katie.Plona@legis.state.wi.us
Cc: joseph.kreye@legis.state.wi.us
Subject: tax credit bill

Katie:

As I mentioned on the phone a few minutes ago, we have two suggested changes for the bill.

1. Change the effective date to January 1, 2004 instead of 2003.
2. Add a "recapture" element. Here's an explanation I received from Brian McCormick, one of our architects.

"A twist in the tax bill just occurred to me when we got a tax credit write-up from the National Trust. They were asking us to review it for accuracy. In describing our tax credits, they note that our statutes for the 5% supplement do not include a provision for recapture. Recapture meaning that if a property is sold or harmed within a five year period of receiving the credits, the owner must repay a prorated portion of the credit. This is part of the federal tax law for the 20% credit, and also for the states 25% homeowners credit. For the 5% supplement, the statutes do not require this recapture. Probably not a big deal for just the 5% state credit - although I don't want to advertise it. But if the credit goes up to a 20% add on, it could be a big deal and perhaps should be corrected to allow for recapture as part of the new bill. What do you think? It would just mean adding the current wording that is part of the homeowner credit to the 5% supplement."

That's it! Have a good weekend!

Alicia

cc: Joseph Kreye, LRB

Alicia L. Goehring
State Historic Preservation Officer
Administrator, Division of Historic Preservation
Wisconsin Historical Society
algoehring@whs.wisc.edu
608/264-6515
www.wisconsinhistory.org



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1157/1

JK:kmg:pg

RM not Run

2003 BILL

in 1-24-03
SOON

re gen

1 AN ACT *to renumber* 44.02 (24) and 71.10 (4) (dr); *to renumber and amend*
2 71.07 (9m) (a), 71.07 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); *to amend* 71.07 (5m)
3 (a) 4., 71.07 (9m) (c), 71.08 (1) (intro.), 71.28 (6) (c) and 71.47 (6) (c); and *to*
4 *create* 44.02 (24) (b), 44.02 (24d), 71.07 (9m) (a) 2., 71.07 (9m) (cm), 71.07 (9m)
5 (g), 71.07 (9r) (a) 2., 71.28 (6) (a) 2., 71.28 (6) (cm), 71.28 (6) (g), 71.47 (6) (a) 2.,
6 71.47 (6) (cm) and 71.47 (6) (g) of the statutes; **relating to:** the supplement to
7 the federal historic rehabilitation tax credit and the state historic
8 rehabilitation tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

→ Under the bill, for taxable years beginning in ~~2003~~ ²⁰⁰⁴, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a

BILL

qualified building or historic property. In addition, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do not satisfy the adjusted-basis requirement under federal law may claim the state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state Historical Society. The state Historical Society may charge and collect a fee for such certification in an amount equal to 1% of the qualified expenses, but not less than \$150 nor more than \$10,000.

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state Historical Society certifies such expenses.

Under this bill, for taxable years beginning in ~~2003~~²⁰⁰⁴, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state Historical Society may charge and collect a fee for certifying such expenses. The amount of the fee is to be determined by rule by the state Historical Society.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2 **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

3 44.02 (24) (b) Charge a fee for a certification under par. (a) in an amount to be
4 determined by rule by the historical society. The historical society shall collect the
5 fee under this paragraph when an applicant applies for certification under par. (a).

6 **SECTION 3.** 44.02 (24d) of the statutes is created to read:

7 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary
8 to certify, and shall certify, expenditures for preservation or rehabilitation of historic
9 property for the purposes of ss. 71.07 (9m) (a) and (cm), 71.28 (6) (a) and (cm), and
10 71.47 (6) (a) and (cm). Such standards shall be substantially similar to the standards
11 used by the secretary of the interior to certify rehabilitations under 26 USC 47 (c) (2).

BILL

(b) Charge a fee for a certification under par. (a) equal to 1% of the qualified rehabilitation expenditures for the historic property that is the subject of the certification, except that no fee under this paragraph may be less than \$150 nor more than \$10,000. The historical society shall collect the fee under this paragraph when an applicant applies for certification under par. (a).

SECTION 4. 71.07 (5m) (a) 4. of the statutes is amended to read:

71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (dm).

SECTION 5. 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and amended to read:

71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal revenue code~~ Internal Revenue Code, for certified historic structures on property located in this state, if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and before January 1, 2003, and the rehabilitated property is placed in service after June 30, 1989. 2004

SECTION 6. 71.07 (9m) (a) 2. of the statutes is created to read:

71.07 (9m) (a) 2. Any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 20% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the physical work of construction or destruction in preparation for construction begins after December 31, 2002. 2003

SECTION 7. 71.07 (9m) (c) of the statutes is amended to read:

BILL**SECTION 7**

1 71.07 (9m) (c) No Except as provided in par. (cm), no person may claim the
2 credit under this subsection unless the claimant includes with the claimant's return
3 evidence that the rehabilitation was approved recommended by the state historic
4 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
5 before the physical work of construction, or destruction in preparation for
6 construction, began; and the claimant claims the credit for the same taxable year in
7 which the claimant would have claimed the credit for federal purposes.

8 **SECTION 8.** 71.07 (9m) (cm) of the statutes is created to read:

9 71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not
10 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
11 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
12 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
13 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
14 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
15 by the state historical society before the physical work of construction, or destruction
16 in preparation for construction, begins; if the person includes evidence of such
17 approval with the person's return; and if the person claims the credit for the same
18 taxable year in which the person would have claimed the credit for federal purposes.

19 **SECTION 9.** 71.07 (9m) (g) of the statutes is created to read:

20 71.07 (9m) (g) A person who has incurred qualified rehabilitation
21 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for
22 certified historic structures located in this state, as described in par. (a), but who is
23 not a resident of this state and who is not required to file a return under this chapter,
24 may enter into an agreement with another person, with the department's approval
25 and in the manner prescribed by the department, so that the other person may claim

BILL

the credit under this subsection, if the other person is subject to the taxes imposed under s. 71.02.

SECTION 10. 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and amended to read:

71.07 (9r) (a) 1. For taxable years beginning on or after August 1, 1988, any natural person may credit against taxes otherwise due under s. 71.02 an amount equal to 25% of the costs of preservation or rehabilitation of historic property located in this state, including architectural fees and costs incurred in preparing nomination forms for listing in the national register of historic places in Wisconsin or the state register of historic places, if the nomination is made within 5 years prior to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and before January 1, 2003, except that the credit may not exceed \$10,000, or \$5,000 for married persons filing separately, for any preservation or rehabilitation project.

SECTION 11. 71.07 (9r) (a) 2. of the statutes is created to read:

71.07 (9r) (a) 2. For taxable years beginning after December 31, ~~2002~~, any natural person may credit against taxes otherwise due under s. 71.02 an amount equal to 30% of the costs of preservation or rehabilitation of historic property located in this state, including architectural fees and costs incurred in preparing nomination forms for listing in the national register of historic places in Wisconsin or the state register of historic places, if the nomination is made within 5 years prior to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the physical work of construction or destruction in preparation for construction begins

BILL

2003
1 after December 31, ~~2002~~, except that the credit may not exceed \$10,000, or \$5,000
2 for married persons filing separately, for any preservation or rehabilitation project.

3 **SECTION 12.** 71.08 (1) (intro.) of the statutes is amended to read:

4 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
5 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
6 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),
7 (6s), ~~and~~ (9e), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m)
8 and (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
9 subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the
10 tax under this section, there is imposed on that natural person, married couple filing
11 jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax
12 computed as follows:

13 **SECTION 13.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fm).

14 **SECTION 14.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
15 amended to read:

16 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this
17 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
18 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
19 ~~revenue-code~~ Internal Revenue Code, for certified historic structures on property
20 located in this state, if the physical work of construction or destruction in preparation
21 for construction begins after December 31, 1988, and before January 1, 2004, and the
22 rehabilitated property is placed in service after June 30, 1989.

23 **SECTION 15.** 71.28 (6) (a) 2. of the statutes is created to read:

24 71.28 (6) (a) 2. Any person may credit against taxes otherwise due under this
25 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of

BILL

1 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
2 Revenue Code, for certified historic structures on property located in this state, if the
3 physical work of construction or destruction in preparation for construction begins
4 after December 31, ~~2002~~ 2003

5 **SECTION 16.** 71.28 (6) (c) of the statutes is amended to read:

6 71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
7 under this subsection unless the claimant includes with the claimant's return
8 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
9 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
10 before the physical work of construction, or destruction in preparation for
11 construction, began; and the claimant claims the credit for the same taxable year in
12 which the claimant would have claimed the credit for federal purposes.

13 **SECTION 17.** 71.28 (6) (cm) of the statutes is created to read:

14 71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not
15 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
16 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
17 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
18 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
19 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
20 by the state historical society before the physical work of construction, or destruction
21 in preparation for construction, begins; if the person includes evidence of such
22 approval with the person's return; and if the person claims the credit for the same
23 taxable year in which the person would have claimed the credit for federal purposes.

24 **SECTION 18.** 71.28 (6) (g) of the statutes is created to read:

BILL

1 71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,
2 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
3 structures located in this state, as described in par. (a), but who is not a resident of
4 this state and who is not required to file a return under this chapter, may enter into
5 an agreement with another person, with the department's approval and in the
6 manner prescribed by the department, so that the other person may claim the credit
7 under this subsection, if the other person is subject to the taxes imposed under s.
8 71.23.

9 **SECTION 19.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
10 amended to read:

11 71.47 (6) (a) 1. Any person may credit against taxes otherwise due under this
12 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
13 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
14 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property
15 located in this state, if the physical work of construction or destruction in preparation
16 for construction begins after December 31, 1988, and before January 1, 2004, and the
17 rehabilitated property is placed in service after June 30, 1989. 2004

18 **SECTION 20.** 71.47 (6) (a) 2. of the statutes is created to read:

19 71.47 (6) (a) 2. Any person may credit against taxes otherwise due under this
20 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
21 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
22 Revenue Code, for certified historic structures on property located in this state, if the
23 physical work of construction or destruction in preparation for construction begins
24 after December 31, ~~2002~~ 2003

25 **SECTION 21.** 71.47 (6) (c) of the statutes is amended to read:

BILL

1 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
2 under this subsection unless the claimant includes with the claimant's return
3 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
4 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
5 before the physical work of construction, or destruction in preparation for
6 construction, began; and the claimant claims the credit for the same taxable year in
7 which the claimant would have claimed the credit for federal purposes.

8 **SECTION 22.** 71.47 (6) (cm) of the statutes is created to read:

9 71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not
10 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
11 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
12 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
13 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
14 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
15 by the state historical society before the physical work of construction, or destruction
16 in preparation for construction, begins; if the person includes evidence of such
17 approval with the person's return; and if the person claims the credit for the same
18 taxable year in which the person would have claimed the credit for federal purposes.

19 **SECTION 23.** 71.47 (6) (g) of the statutes is created to read:

20 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,
21 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
22 structures located in this state, as described in par. (a), but who is not a resident of
23 this state and who is not required to file a return under this chapter, may enter into
24 an agreement with another person, with the department's approval and in the
25 manner prescribed by the department, so that the other person may claim the credit

BILL

under this subsection, if the other person is subject to the taxes imposed under s. 71.43.

SECTION 24. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, ~~2003~~.

(END)

2004

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1157/lins
JK:kmg:pg

Insert A ✓

five
Under current law, if a person who claims the income tax credit for qualified expenses to preserve or rehabilitate an owner-occupied personal residence sells the property within ~~5~~ *five* years from the date on which the preservation or rehabilitation is completed, or if the state Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, ~~or~~ *five* or a portion, of the amount of the credit ~~the person received~~ *that*, depending on the date on which the person sold the property or on the date on which the preservation or rehabilitation ~~that~~ does not comply with state Historical Society standards.

five
preservation or
Under this bill, if a person who claims the supplemental state income or franchise tax credit for qualified expenses related to rehabilitating historic property in this state sells the property within ~~5~~ *five* years from the date on which the rehabilitation is completed, or if the state Historical Society determines that the ~~or~~ *five* rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, ~~or~~ *five* or a portion, of the amount of the credit ~~the person received~~ *that*, depending on the date on which the person sold the property or the date on which the rehabilitation ~~that~~ does not comply with state Historical Society standards.

Insert 5 - 2 ✓

1 SECTION 1. 71.07 (9m) (h) of the statutes is created to read:

2 71.07 (9m) (h) A person who receives a credit under this subsection shall add
3 to the person's liability for taxes imposed under s. 71.02 one of the following
4 percentages of the amount of the credits received under this subsection for
5 rehabilitating or preserving the property if, within 5 years after the date on which
6 the preservation or rehabilitation work that was the basis of the credit is completed,
7 the person either sells or conveys the property by deed or land contract or the state
8 historical society certifies to the department of revenue that the historic property has
9 been altered to the extent that it does not comply with the standards promulgated
10 under s. 44.02 (24d):

11 1. If the sale, conveyance, *✓* or noncompliance occurs during the first year after
12 the date on which the preservation or rehabilitation is completed, 100%.

1 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
2 the date on which the preservation or rehabilitation is completed, 80%.

3 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after the
4 date on which the preservation or rehabilitation is completed, 60%.

5 4. If the sale, conveyance, or noncompliance occurs during the 4th year after the
6 date on which the preservation or rehabilitation is completed, 40%.

7 5. If the sale, conveyance, or noncompliance occurs during the 5th year after the
8 date on which the preservation or rehabilitation is completed, 20%.

Insert 8 - 8 ✓

9 **SECTION 2.** 71.28 (6) (h) of the statutes is created to read:

10 71.28 (6) (h) A person who receives a credit under this subsection shall add to
11 the person's liability for taxes imposed under s. 71.23 one of the following
12 percentages of the amount of the credits received under this subsection for
13 rehabilitating or preserving the property if, within 5 years after the date on which
14 the preservation or rehabilitation work that was the basis of the credit is completed,
15 the person either sells or conveys the property by deed or land contract or the state
16 historical society certifies to the department of revenue that the historic property has
17 been altered to the extent that it does not comply with the standards promulgated
18 under s. 44.02 (24d):

19 1. If the sale, conveyance, or noncompliance occurs during the first year after
20 the date on which the preservation or rehabilitation is completed, 100%.

21 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
22 the date on which the preservation or rehabilitation is completed, 80%.

1 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after the
2 date on which the preservation or rehabilitation is completed, 60%.

3 4. If the sale, conveyance, or noncompliance occurs during the 4th year after the
4 date on which the preservation or rehabilitation is completed, 40%.

5 5. If the sale, conveyance, or noncompliance occurs during the 5th year after the
6 date on which the preservation or rehabilitation is completed, 20%.

7 **SECTION 3.** 71.47 (6) (h) of the statutes is created to read:

8 71.47 (6) (h) A person who receives a credit under this subsection shall add to
9 the person's liability for taxes imposed under s. 71.43 one of the following
10 percentages of the amount of the credits received under this subsection for
11 rehabilitating or preserving the property if, within 5 years after the date on which
12 the preservation or rehabilitation work that was the basis of the credit is completed,
13 the person either sells or conveys the property by deed or land contract or the state
14 historical society certifies to the department of revenue that the historic property has
15 been altered to the extent that it does not comply with the standards promulgated
16 under s. 44.02 (24d):

17 1. If the sale, conveyance, or noncompliance occurs during the first year after
18 the date on which the preservation or rehabilitation is completed, 100%.

19 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
20 the date on which the preservation or rehabilitation is completed, 80%.

21 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after the
22 date on which the preservation or rehabilitation is completed, 60%.

23 4. If the sale, conveyance, or noncompliance occurs during the 4th year after the
24 date on which the preservation or rehabilitation is completed, 40%.

Ins.
10-92

- 1 5. If the sale, conveyance or noncompliance occurs during the 5th year after the
- 2 date on which the preservation or rehabilitation is completed, 20%.

Kreye, Joseph

From: Plona, Katie
Sent: Monday, February 24, 2003 4:24 PM
To: Kreye, Joseph
Cc: Pozdol, Angela
Subject: LRB 1157 language change.

Joe,

Here's the language change about the fees that the Historical Society requested.

Thanks again, Katie

Katie Plona
Rep. Dan Schooff's Office
(608) 266-9967 (phone)
(608) 282-3645 (fax)

Here's the language you were waiting for:

Section 2. 44.02 (24) (b) of the statutes is created to read:
44.02 (24) (b) Charge a fee for a certification under par.(a) of \$150. The historical society shall collect the fee under this paragraph when an applicant applies for certification under par.(a).

Thanks!

--Alicia



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1157/2
JK:kmg:cph

2003 BILL

RMR

in 2-25-03

500W

Gen. Cat.

1 AN ACT *to renumber* 44.02 (24) and 71.10 (4) (dr); *to renumber and amend*
2 71.07 (9m) (a), 71.07 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); *to amend* 71.07 (5m)
3 (a) 4., 71.07 (9m) (c), 71.08 (1) (intro.), 71.28 (6) (c) and 71.47 (6) (c); and *to*
4 *create* 44.02 (24) (b), 44.02 (24d), 71.07 (9m) (a) 2., 71.07 (9m) (cm), 71.07 (9m)
5 (g), 71.07 (9m) (h), 71.07 (9r) (a) 2., 71.28 (6) (a) 2., 71.28 (6) (cm), 71.28 (6) (g),
6 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (cm), 71.47 (6) (g) and 71.47 (6) (h) of the
7 statutes; **relating to:** the supplement to the federal historic rehabilitation tax
8 credit and the state historic rehabilitation tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

Under the bill, for taxable years beginning in 2004, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a

BILL

qualified building or historic property. In addition, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do not satisfy the adjusted-basis requirement under federal law may claim the state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state Historical Society. The state Historical Society may charge and collect a fee for such certification in an amount equal to 1% of the qualified expenses, but not less than \$150 nor more than \$10,000.

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state Historical Society certifies such expenses.

Under this bill, for taxable years beginning in 2004, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state Historical Society may charge and collect a fee for certifying such expenses. The amount of the fee is ~~to be determined by rule by the state Historical Society.~~ *\$150*

Under current law, if a person who claims the income tax credit for qualified expenses to preserve or rehabilitate an owner-occupied personal residence sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the state Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or on the date on which the preservation or rehabilitation does not comply with state Historical Society standards.

Under this bill, if a person who claims the supplemental state income or franchise tax credit for qualified expenses related to preserving or rehabilitating historic property in this state sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the state Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or the date on which the preservation or rehabilitation does not comply with state Historical Society standards.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

BILL

1 **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

2 44.02 (24) (b) Charge a fee for a certification under par. (a) ^{of \$150} ~~in an amount to be~~
3 ~~determined by rule by the historical society.~~ The historical society shall collect the
4 fee under this paragraph when an applicant applies for certification under par. (a).

5 **SECTION 3.** 44.02 (24d) of the statutes is created to read:

6 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary
7 to certify, and shall certify, expenditures for preservation or rehabilitation of historic
8 property for the purposes of ss. 71.07 (9m) (a) and (cm), 71.28 (6) (a) and (cm), and
9 71.47 (6) (a) and (cm). Such standards shall be substantially similar to the standards
10 used by the secretary of the interior to certify rehabilitations under 26 USC 47 (c) (2).

11 (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified
12 rehabilitation expenditures for the historic property that is the subject of the
13 certification, except that no fee under this paragraph may be less than \$150 nor more
14 than \$10,000. The historical society shall collect the fee under this paragraph when
15 an applicant applies for certification under par. (a).

16 **SECTION 4.** 71.07 (5m) (a) 4. of the statutes is amended to read:

17 71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after
18 he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (dm).

19 **SECTION 5.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and
20 amended to read:

21 71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this
22 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
23 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
24 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property
25 located in this state, if the physical work of construction or destruction in preparation

BILL**SECTION 5**

1 for construction begins after December 31, 1988, and before January 1, 2004, and the
2 rehabilitated property is placed in service after June 30, 1989.

3 **SECTION 6.** 71.07 (9m) (a) 2. of the statutes is created to read:

4 71.07 (9m) (a) 2. Any person may credit against taxes otherwise due under this
5 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
6 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
7 Revenue Code, for certified historic structures on property located in this state, if the
8 physical work of construction or destruction in preparation for construction begins
9 after December 31, 2003.

10 **SECTION 7.** 71.07 (9m) (c) of the statutes is amended to read:

11 71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the
12 credit under this subsection unless the claimant includes with the claimant's return
13 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
14 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
15 before the physical work of construction, or destruction in preparation for
16 construction, began; and the claimant claims the credit for the same taxable year in
17 which the claimant would have claimed the credit for federal purposes.

18 **SECTION 8.** 71.07 (9m) (cm) of the statutes is created to read:

19 71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not
20 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
21 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
22 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
23 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
24 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
25 by the state historical society before the physical work of construction, or destruction

BILL

1 in preparation for construction, begins; if the person includes evidence of such
2 approval with the person's return; and if the person claims the credit for the same
3 taxable year in which the person would have claimed the credit for federal purposes.

4 **SECTION 9.** 71.07 (9m) (g) of the statutes is created to read:

5 71.07 (9m) (g) A person who has incurred qualified rehabilitation
6 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for
7 certified historic structures located in this state, as described in par. (a), but who is
8 not a resident of this state and who is not required to file a return under this chapter,
9 may enter into an agreement with another person, with the department's approval
10 and in the manner prescribed by the department, so that the other person may claim
11 the credit under this subsection, if the other person is subject to the taxes imposed
12 under s. 71.02.

13 **SECTION 10.** 71.07 (9m) (h) of the statutes is created to read:

14 71.07 (9m) (h) A person who receives a credit under this subsection shall add
15 to the person's liability for taxes imposed under s. 71.02 one of the following
16 percentages of the amount of the credits received under this subsection for
17 rehabilitating or preserving the property if, within 5 years after the date on which
18 the preservation or rehabilitation work that was the basis of the credit is completed,
19 the person either sells or conveys the property by deed or land contract or the state
20 historical society certifies to the department of revenue that the historic property has
21 been altered to the extent that it does not comply with the standards promulgated
22 under s. 44.02 (24d):

23 1. If the sale, conveyance, or noncompliance occurs during the first year after
24 the date on which the preservation or rehabilitation is completed, 100%.

BILL**SECTION 10**

1 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
2 the date on which the preservation or rehabilitation is completed, 80%.

3 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
4 the date on which the preservation or rehabilitation is completed, 60%.

5 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
6 the date on which the preservation or rehabilitation is completed, 40%.

7 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
8 the date on which the preservation or rehabilitation is completed, 20%.

9 **SECTION 11.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and
10 amended to read:

11 71.07 **(9r)** (a) 1. For taxable years beginning on or after August 1, 1988, any
12 natural person may credit against taxes otherwise due under s. 71.02 an amount
13 equal to 25% of the costs of preservation or rehabilitation of historic property located
14 in this state, including architectural fees and costs incurred in preparing nomination
15 forms for listing in the national register of historic places in Wisconsin or the state
16 register of historic places, if the nomination is made within 5 years prior to
17 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
18 physical work of construction or destruction in preparation for construction begins
19 after December 31, 1988, and before January 1, 2004, except that the credit may not
20 exceed \$10,000, or \$5,000 for married persons filing separately, for any preservation
21 or rehabilitation project.

22 **SECTION 12.** 71.07 (9r) (a) 2. of the statutes is created to read:

23 71.07 **(9r)** (a) 2. For taxable years beginning after December 31, 2003, any
24 natural person may credit against taxes otherwise due under s. 71.02 an amount
25 equal to 30% of the costs of preservation or rehabilitation of historic property located

BILL

1 in this state, including architectural fees and costs incurred in preparing nomination
2 forms for listing in the national register of historic places in Wisconsin or the state
3 register of historic places, if the nomination is made within 5 years prior to
4 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
5 physical work of construction or destruction in preparation for construction begins
6 after December 31, 2003, except that the credit may not exceed \$10,000, or \$5,000
7 for married persons filing separately, for any preservation or rehabilitation project.

8 **SECTION 13.** 71.08 (1) (intro.) of the statutes is amended to read:

9 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
10 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
11 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),
12 (6s), and (9e), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m)
13 and (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
14 subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the
15 tax under this section, there is imposed on that natural person, married couple filing
16 jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax
17 computed as follows:

18 **SECTION 14.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fm).

19 **SECTION 15.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
20 amended to read:

21 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this
22 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
23 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
24 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property
25 located in this state, if the physical work of construction or destruction in preparation

BILL**SECTION 15**

1 for construction begins after December 31, 1988, and before January 1, 2004, and the
2 rehabilitated property is placed in service after June 30, 1989.

3 **SECTION 16.** 71.28 (6) (a) 2. of the statutes is created to read:

4 71.28 (6) (a) 2. Any person may credit against taxes otherwise due under this
5 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
6 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
7 Revenue Code, for certified historic structures on property located in this state, if the
8 physical work of construction or destruction in preparation for construction begins
9 after December 31, 2003.

10 **SECTION 17.** 71.28 (6) (c) of the statutes is amended to read:

11 71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
12 under this subsection unless the claimant includes with the claimant's return
13 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
14 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
15 before the physical work of construction, or destruction in preparation for
16 construction, began; and the claimant claims the credit for the same taxable year in
17 which the claimant would have claimed the credit for federal purposes.

18 **SECTION 18.** 71.28 (6) (cm) of the statutes is created to read:

19 71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not
20 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
21 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
22 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
23 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
24 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
25 by the state historical society before the physical work of construction, or destruction

BILL

1 in preparation for construction, begins; if the person includes evidence of such
2 approval with the person's return; and if the person claims the credit for the same
3 taxable year in which the person would have claimed the credit for federal purposes.

4 **SECTION 19.** 71.28 (6) (g) of the statutes is created to read:

5 71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,
6 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
7 structures located in this state, as described in par. (a), but who is not a resident of
8 this state and who is not required to file a return under this chapter, may enter into
9 an agreement with another person, with the department's approval and in the
10 manner prescribed by the department, so that the other person may claim the credit
11 under this subsection, if the other person is subject to the taxes imposed under s.
12 71.23.

13 **SECTION 20.** 71.28 (6) (h) of the statutes is created to read:

14 71.28 (6) (h) A person who receives a credit under this subsection shall add to
15 the person's liability for taxes imposed under s. 71.23 one of the following
16 percentages of the amount of the credits received under this subsection for
17 rehabilitating or preserving the property if, within 5 years after the date on which
18 the preservation or rehabilitation work that was the basis of the credit is completed,
19 the person either sells or conveys the property by deed or land contract or the state
20 historical society certifies to the department of revenue that the historic property has
21 been altered to the extent that it does not comply with the standards promulgated
22 under s. 44.02 (24d):

23 1. If the sale, conveyance, or noncompliance occurs during the first year after
24 the date on which the preservation or rehabilitation is completed, 100%.

BILL**SECTION 20**

1 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
2 the date on which the preservation or rehabilitation is completed, 80%.

3 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
4 the date on which the preservation or rehabilitation is completed, 60%.

5 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
6 the date on which the preservation or rehabilitation is completed, 40%.

7 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
8 the date on which the preservation or rehabilitation is completed, 20%.

9 **SECTION 21.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
10 amended to read:

11 71.47 (6) (a) 1. Any person may credit against taxes otherwise due under this
12 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of
13 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
14 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property
15 located in this state, if the physical work of construction or destruction in preparation
16 for construction begins after December 31, 1988, and before January 1, 2004, and the
17 rehabilitated property is placed in service after June 30, 1989.

18 **SECTION 22.** 71.47 (6) (a) 2. of the statutes is created to read:

19 71.47 (6) (a) 2. Any person may credit against taxes otherwise due under this
20 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of
21 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
22 Revenue Code, for certified historic structures on property located in this state, if the
23 physical work of construction or destruction in preparation for construction begins
24 after December 31, 2003.

25 **SECTION 23.** 71.47 (6) (c) of the statutes is amended to read:

BILL

1 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
2 under this subsection unless the claimant includes with the claimant's return
3 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
4 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
5 before the physical work of construction, or destruction in preparation for
6 construction, began; and the claimant claims the credit for the same taxable year in
7 which the claimant would have claimed the credit for federal purposes.

8 **SECTION 24.** 71.47 (6) (cm) of the statutes is created to read:

9 71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not
10 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
11 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
12 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
13 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
14 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
15 by the state historical society before the physical work of construction, or destruction
16 in preparation for construction, begins; if the person includes evidence of such
17 approval with the person's return; and if the person claims the credit for the same
18 taxable year in which the person would have claimed the credit for federal purposes.

19 **SECTION 25.** 71.47 (6) (g) of the statutes is created to read:

20 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,
21 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
22 structures located in this state, as described in par. (a), but who is not a resident of
23 this state and who is not required to file a return under this chapter, may enter into
24 an agreement with another person, with the department's approval and in the
25 manner prescribed by the department, so that the other person may claim the credit

BILL**SECTION 25**

1 under this subsection, if the other person is subject to the taxes imposed under s.
2 71.43.

3 **SECTION 26.** 71.47 (6) (h) of the statutes is created to read:

4 71.47 (6) (h) A person who receives a credit under this subsection shall add to
5 the person's liability for taxes imposed under s. 71.43 one of the following
6 percentages of the amount of the credits received under this subsection for
7 rehabilitating or preserving the property if, within 5 years after the date on which
8 the preservation or rehabilitation work that was the basis of the credit is completed,
9 the person either sells or conveys the property by deed or land contract or the state
10 historical society certifies to the department of revenue that the historic property has
11 been altered to the extent that it does not comply with the standards promulgated
12 under s. 44.02 (24d):

13 1. If the sale, conveyance, or noncompliance occurs during the first year after
14 the date on which the preservation or rehabilitation is completed, 100%.

15 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
16 the date on which the preservation or rehabilitation is completed, 80%.

17 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
18 the date on which the preservation or rehabilitation is completed, 60%.

19 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
20 the date on which the preservation or rehabilitation is completed, 40%.

21 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
22 the date on which the preservation or rehabilitation is completed, 20%.

23 **SECTION 27. Initial applicability.**

24 (1) This act first applies to taxable years beginning on January 1, 2004.

25 (END)

Barman, Mike

From: Kreye, Joseph
Sent: Tuesday, April 08, 2003 3:45 PM
To: Barman, Mike
Subject: Fiscal estimate for 03-1157/3

Hi Mike,

Rep. Schoof would like a fiscal estimate for 03-1157/3. Thanks.

Joe

Memo

To: Senator ☐

Representative

☒ Schooff

(The Draft's Requester)

Per your request: ... the attached fiscal estimate was prepared for your unIntroduced 2003 draft.

LRB Number: LRB - 1157

Version: " / 3 "

Fiscal Estimate Prepared By: (agency abbr.) SHS

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 04 / 14 / 2003

* * * * *

To: LRB – Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2003 _____

Emery, Lynn

From: Emery, Lynn
Sent: Monday, April 14, 2003 2:36 PM
To: Rep.Schooff
Subject: LRB-1157/3 (FE by SHS - attached - for your review)



FE_Schooff.pdf

FE_Schooff.pdf



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

LRB

May 12, 2003

MEMORANDUM

To: Representative Schooff

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2003 AB 309** (LRB-1157/3)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

May 7, 2003

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on LRB 1157/3: Historic Rehabilitation Tax Credit

The draft provides that an owner of a historic building who is not a Wisconsin resident and who is not required to file a Wisconsin return may enter into an agreement with another person, in the manner prescribed by the department, to allow the other person to claim the credit. It is unclear if the nonresident provision refers only to natural persons, or if it also applies to pass-through entities and corporations. The author may wish to specify if the nonresident provision applies to pass-through entities and corporations, and how nonresident status for those entities would be determined. If it is the author's intent that nonresident status be based on commercial domicile, then the author may wish to define "commercial domicile."

The author may wish to specify that if taxpayers are allowed to transfer tax credits, the total amount received for the credits is taxable income.

The draft does not address complicated administrative requirements that may result from the transfer of credits. For example, the language does not provide guidance as to which person would be assessed if the credit were incorrectly computed or if the credit would have to be repaid if the property were sold within five years. The person who claimed the credit may not be the same person who sold the property prior to five years or otherwise altered the property so that it no longer qualifies for the credit.

The draft changes the order of computation of the state historic rehabilitation credit so that it may be claimed against the alternative minimum tax in sec. 71.08. However, the language in sec. 71.07(9r)(a)1 and 2 provide that the credit may be claimed "against taxes due under sec. 71.02." The author may wish to specify that the credit is allowed against either "taxes due under secs. 71.02 and 71.08" or against taxes due under chapter 71.

The draft first applies to taxable years beginning on January 1, 2004. However, the changes in the amount of the credits apply for construction that begins after December 31, 2003. This appears to present a problem for fiscal-year filers.

For example, assume that a corporation's taxable year begins October 1, 2003, and ends September 30, 2004. Based on the proposed language in sec. 71.28(6)(a)2, it would appear that the corporation could receive the 20% credit for a rehabilitation project that begins after December 31, 2003. However, the initial applicability language suggests that this corporation would have to start the rehabilitation project after September 30, 2004 (their first taxable year beginning after January 1, 2004) in order to qualify for the increased credit.

The author may wish to have the change in the amount of both credits apply for construction that begins in taxable years beginning on or after January 1, 2004.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>
one-time	s. 20.566 (1) (a)	\$62,500
annual	s. 20.566 (1) (a)	\$2,800

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.